A NEWSLETTER FOR PENSIONERS

PENSION NEWS

Ontario

Teachers' Pension Plan Board
Conseil du régime de retraite des enseignantes et des enseignants

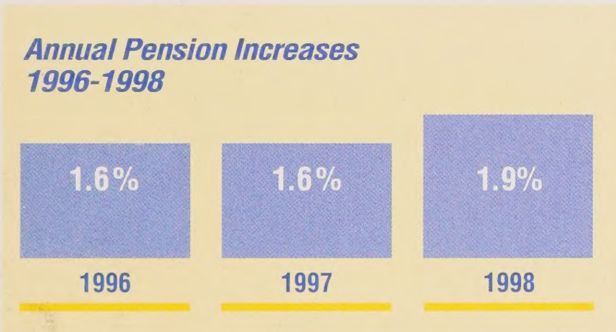
Issue 16
Fall 1997

1.9% Increase To Pensions Begins In January

Your annual pension will increase by 1.9% starting with your January 1998 payment. This increase, slightly higher than the previous two years (1.6%), is based on the Consumer Price Index (CPI) over a 24-month period.

Prorated for new retirees

If you retired this year, your increase will be prorated depending on the number of months since you retired. For example, if you retired June 30, your adjustment starting in January 1998 will be 0.95%.



T4As coming in January

At the beginning of each year, we send a statement showing your monthly pension amount, including deductions. This statement, which is mailed with your T4A, will show your new pension amount based on the 1.9% increase. If you don't receive the statement and your T4A by the end of February, please call us.

TPP Searches For Heirs Of Pensioners

We're inviting the legal representatives of the estates of teachers who died after they retired to contact us to determine if the estate qualifies for a payment from the plan.

Many years ago, errors may have occurred in pensions paid to teachers who are now deceased. Once we've been contacted by the legal representative of the estate, we'll review these entitlements to ensure the estate receives rightful payment.

The pension entitlements of retired teachers and those collecting survivor pensions have already been reviewed. The review of the estates is the final phase of a comprehensive program to review all pensions. The project, which was first launched in 1995, has involved reviewing two million records dating back 20 years to recalculate the pension entitlements of nearly 60,000 retired teachers.

For privacy reasons, enquiries must be made by the legal representative of the estate (executor, administrator or estate trustee). A package with more information is available by telephoning 1-800-529-2249 or (905) 837-7930. The deadline for enquiries is December 31, 1997.

What's Inside...

Survivor Pensions For New Spouses

If you're planning to marry or live common law, it's important to know the survivor pension options available for your future spouse.

Is your new spouse eligible?

The rules are different depending on when you retired. Marriage after retirement does not automatically entitle your new spouse to a survivor pension. In addition, there must not be a previous spouse or child eligible for a survivor pension.

Single or widowed

If this is your first marriage/common-law relationship or if you are widowed and your children are not eligible, you can provide your new spouse with a survivor pension immediately and take a reduction to your pension.

Previously married/common law

Began pension before 1988

If you divorce after retirement, your ex-spouse is no longer eligible for the survivor pension. Therefore, you can apply immediately for a survivor pension once you have a new spouse.

Retired after 1989

The key issue is whether you and your former spouse were living together at the time your pension started. If you separated *before* your pension began, your former spouse is not entitled to a survivor pension and you can apply immediately for a survivor pension for your new spouse.

If you separated *after* your pension began, your former spouse is eligible for a survivor pension for the rest of his/her life. In this case, you will have to wait until the death of your former spouse before applying for a survivor pension for your new spouse.

1988 and 1989

If you retired and started receiving your pension in 1988 or 1989, the rules are more complex. If you and your former spouse signed the waiver form in favour of a 50% pension when you retired, your former spouse is not eligible for the survivor pension when you divorce. Therefore, you may purchase a survivor pension for your new spouse immediately.

New common-law spouses or gaps between retirement and when the pension began may also affect survivor pensions. Please contact us to clarify the rules for your specific case if you began pension during this time.

A "spouse" includes common law !

A "spouse" is a person of the opposite sex with whom you:

- are legally married, or
- have been living with continuously for at least three years (or less if you are the parents of a child).

Your new spouse will not automatically receive a survivor pension—you must apply and take a reduction to your pension.

Eligible children

If you have children who are eligible to receive a survivor pension, you must wait until they become ineligible to provide a survivor pension for your future spouse. An eligible child is someone who is:

- under 18, or
- between 18 and 25 and attending a school or university full-time, or
- disabled.

When to apply

You must apply to us within 90 days of:

- your marriage/common-law relationship (if your new spouse is eligible immediately), or
- the death of your former eligible spouse (if he/she was eligible), or
- your children becoming ineligible.

If you miss the 90-day deadline, you will have to pass a medical examination to provide the survivor pension.

To apply, contact us and ask us to send you the *Direction for Survivor Pension* form.

Continued on page 3

Survivor Pensions For New Spouses

Continued from page 2

How much it will cost

You can provide a survivor pension of 50% to 75%. Your pension will be actuarially reduced based on the following:

- the ages of you and your spouse, and
- the amount you wish to provide.

Your pension will be *permanently* reduced to pay for your future spouse's survivor pension. So even if they die before you, the reduction will still apply.

Example

The table below shows an example of how much it would cost a 65-year-old member to provide their new spouse with a survivor pension. The cost factors vary depending on your current age and when you began your pension.

To calculate the approximate cost for you, multiply your pension by the percentage indicated by cross-referencing your spouse's age to the survivor pension option.

Pension reduction for members aged 65
(receiving a pension for 7 years)

	Amount of survivor pension		
Spouse's age	**50%**	**60%**	**75%**
50	80.40	76.48	70.60
55	83.86	80.64	75.79
60	87.35	84.82	81.03
65	90.64	88.77	85.96
70	93.48	92.18	90.22

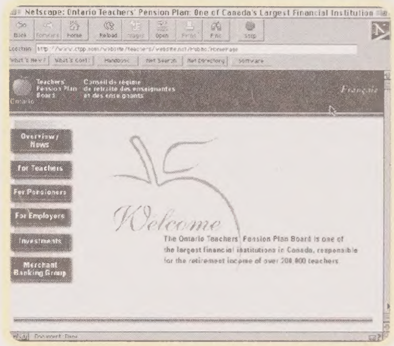
If you are 65 and would like to provide your 60-year-old spouse with a 60% survivor pension, you would receive 84.82 per cent of your pension. If your annual pension is worth $25,000, it would be reduced to $21,205 to provide your spouse with an annual pension of $15,000. Therefore, you would receive $3,795 less each year to provide a 60% survivor pension to your new spouse.

Catch Us On The Net: www.otpp.com

Now there's one more way to get information about the Teachers' Pension Plan—visit our web site.

Reference guide

Not sure where you filed some of the pension information we sent you? The web site is an easy-to-access reference guide. Under the section for pensioners, you'll find useful information about such topics as; survivor pensions, teaching after retirement and tax. You'll also find information describing our investments and news releases.



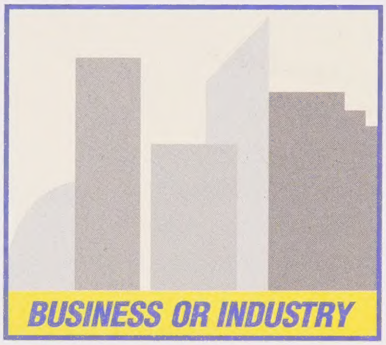
Tell us what you think

We're planning to expand the web site, so your comments would be helpful. Let us know what you like, don't like and what you think should be on the web site.

How you can access pension information

Web site *news and reference material*	www.otpp.com	24 hours a day
Phone-A-Memo *a revised series of recorded messages explaining pension benefits*	(416) 226-4200 or 1-800-387-0945	24 hours a day
Telephone *speak with a pension benefits specialist*	(416) 226-2700 or 1-800-668-0105	8 a.m. to 5:30 p.m.
AND Regular publications	***sent to pensioners***	
Pension News	twice a year	
Report to Members (a synopsis of the annual report)	May	
Inflation Adjustment Statement	January	

Were You Admitted To The OCE Two-summer Program In 1969?



If you were one of the 132 retired teachers admitted to the Ontario College of Education's (OCE) two-summer program at the University of Toronto in 1969, you may now be eligible to have your prior business or industry experience recognized by the Teachers' Pension Plan.

An Ontario court recently found that OCE graduates admitted in 1969 to this program had not been notified of an administrative change we made in 1991. This change would have permitted these graduates to buy credit in the pension plan for their experience in business or industry before they began teaching.

Qualifications

You qualify if you meet *all* of the following criteria:

- you must have been admitted to the OCE two-summer program at U of T in 1969 based on your business or industry experience;
- you received an Interim High School Assistant's (HSA) Certificate, Type B (also known as Inter Sr);
- you were employed in education after May 31, 1982;
- you didn't purchase this business or industry experience before you retired; and
- while employed in business or industry, you were a member of a registered pension plan under the *Income Tax Act* and you are not entitled to a benefit based on your business or industry employment.

Lump-sum payments

For those meeting all of the above criteria, you may be eligible for a lump sum payment. We will base the amount on what it would have cost you to purchase the credit compared to the increased value of the pension if the service had been included in calculating your pension. Appropriate taxes will be withheld at the lump sum rates issued by Revenue Canada.

Contact us

If you meet all of the above criteria, please contact one of our pension benefits specialists. They will give you more details on the documentation you will need to receive a lump sum payment.

Lower CPP Reduction Affects RRSP Room

If you've taught since 1990, a recent benefit improvement could mean you'll have a one-time reduction to your available RRSP room.

In the pension plan changes that took effect January 1, 1997, the CPP reduction applied to your teachers' pension was lowered to .0068 from .007. This means you'll be able to keep more of your teachers' pension. For current pensions, this is a maximum of $220 per year. This change does not affect the amount of your CPP pension.

The lower CPP reduction to your teachers' pension when you turn 65 is a benefit improvement and causes your pension adjustment (PA) to increase.

This increase to your PA means a one-time reduction in your RRSP contribution room. For most teachers, the available RRSP contribution room will be reduced by about $413 in 1998.

If you are affected by this, we will send you more information, including how this change affects your RRSP room, early in the new year.

Q&A You Asked Us

Q. ***Do I have to join the Ontario College of Teachers? I'm not sure what they're all about.***

M. Crosby, Port Colborne

A. Deciding whether or not to join and/or continue your membership in the OCT depends on whether or not you plan to return to teaching.

Background

As of January 1, 1997, teachers must retain their credentials through the Ontario College of Teachers (OCT). The OCT is a self-governing organization responsible for a number of matters including issuing and maintaining teaching qualification certificates.

Teachers contributing to the Ontario Teachers' Pension Plan must have valid teacher qualifications. Anyone requiring an Ontario Teacher's Certificate or a Letter of Standing as a condition of employment must register with the OCT to maintain their credentials. The cost of belonging to the OCT is $90 per year. If you retired in 1997, your former employer would have automatically deducted this year's fee from your pay.

> **Teaching After Retirement**
>
> This means any employment in education, including consulting or supply teaching.

If you plan to teach after retirement *in Ontario*, you must belong to the OCT. As well, if you plan to teach outside Ontario (overseas, for example), you may need to be considered a member in "good standing" before being hired. Keeping your credentials up-to-date will help you remain in good standing.

How to join

If you have any additional questions or wish to join the OCT, contact them directly at 1-888-534-2222 (within Ontario) or (416) 961-8800. You can also look up their web site at www.oct.on.ca. For more information on teaching after retirement, see the article below.

Returning To Teaching

For many pensioners, returning to work is not at the top of their "to do" lists. However, if you're planning to return to the classroom, there are a number of things to consider.

Yearly limits

There are limits to the number of days you can become employed in education without affecting your pension. If you exceed the limits, your pension will stop at the end of the month following your 96th or 21st day of re-employment. In addition, your employer will begin deducting contributions.

> ***LIMITS***
>
> - 95 days per school year for three years (they do not have to be consecutive)
> - 20 days per school year after you have used the three year 95-day limit
> - unlimited if you're 71* years of age or older (* age 69 beginning in 1998)

Keep us and your employer informed

You should contact us if you exceed the limits so we can stop your pension. Contact us again when you stop working for that school year and we'll restart your pension at the end of the month following the month you stop.

If you return to teaching, you may wish to tell your employer you are retired and not to deduct contributions. If you exceed the limits, let them know so they can begin deducting contributions.

If you plan to teach a full year or more, you can ask your employer to deduct contributions immediately.

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How We Invest Outside Canada

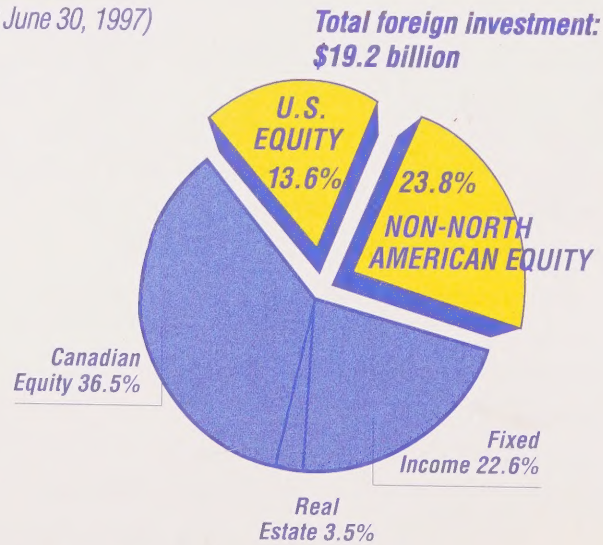
Our method of investing in foreign stocks is similar to how we invest in Canadian equities (see *Pension News*, Summer 1997). For the most part, we mimic the market. We buy most of our foreign stocks by investing proportionately in every stock listed on a particular stock market index, such as the Standard and Poor's (S & P) 500 in New York.

You'll find most of our foreign investments in indices in the U.S., Europe and Asia. An index contains the shares of the major public corporations trading on the stock market.

We invest about $14.8 billion in stock market indices primarily through the use of derivative contracts. These investments are made by our staff specialists. They exchange the fixed income on Ontario debentures for floating rate interest and then exchange these cash flows for equity returns in the United States and overseas. The derivatives or swaps involve only the returns—we retain ownership of the original debenture.

Asset Mix

(at June 30, 1997)



Investing in stock market indices and the use of derivatives are cost-effective strategies.

Last year we exchanged a total of $9.6 billion of debentures for returns on the S&P 500 index of the New York Stock Exchange and on indices of select Asian and European markets. By the end of 1996, these investments grew to $10.9 billion, with the U.S. market producing excellent results.

In addition, our equity investments include $4.4 billion of foreign stocks which are actively managed by six well-known external fund managers with intimate knowledge of American and selected European and Asian markets.

Foreign index funds
(at June 30, 1997)

Portfolio:	Core International
Investments:	$14.8 billion
Contains:	S&P 500 Index and select markets in Asia and Europe

Foreign actively managed equities
(at June 30, 1997)

Portfolio:	Six external fund managers, over-seen by our Equity group
Investments:	$4.4 billion
Contains:	Non-North American and U.S. stocks

Foreign exchange hedging

We consider separately the expected performance of foreign equities and the impact of movements in major currencies on investments. We hedge approximately 50% of investments involving the Japanese yen, U.S. dollar, British pound, German mark, Swiss franc and the French franc.

Rewarding Adventures in Uganda

Earlier this year, I received an inspiring letter from a couple spending some of their retirement in Uganda. I'd like to share their story with you.

Mike Heptinstall and his wife Jackie wanted to embark on a big adventure. So in June 1994, they left their jobs and home in Aurora. Mike retired early from teaching—he had been principal of an elementary school in York Region.

Wanting to experience life outside of North America, they became volunteers with a British organization called Voluntary Services Overseas. This organization extensively trained Mike and Jackie for several months before sending them to Uganda in March 1995.

Once in Uganda, Mike worked at a teachers' college and Jackie volunteered at a mother and child immunization clinic. Their fondest memories are of the welcoming, warm and friendly people they met.

Mike and Jackie also learned how much people in Uganda appreciate education. The poorest people somehow found ways to send their children to school, realizing the key to their children having a better life is education. And they were amazed how much the children appreciated education—one young girl was walking five hours each day to and from school!

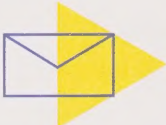
Having learned to live a very simple but comfortable life for two years, they were quite panic stricken at the thought of returning to the materialism and wastefulness of North American life. They had hoped to stay longer but the tug of family drew them home in March.

Though people often compliment them on their volunteer work, Jackie says they received much more than they gave. They learned more about life from the Ugandan people than they could have ever taught them.

"We have experienced a richness we could never have hoped for the rest of our lives if we had remained at home. Though we miss life in Uganda enormously, we remember it warmly and richly and are forever grateful for the opportunity to experience life overseas," says Jackie.

Mike poses with some neighbours in the village where he and Jackie lived.

Reminders...

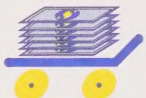


Moving?

Don't forget to tell us if you move. You can write to us or contact us at the address below.

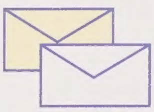
If you're planning a move early in the year, please let us know your new address no later than mid-January. This will ensure your T4A and inflation adjustment statement is sent to your new address.

Changing banks?



If you're planning to change banks, inform us at least four weeks in advance to avoid any delays in the receipt of your pension. Please include a void cheque when writing to us.

Same address



If more than one copy of *Pension News* is being sent to your address (i.e. your spouse is also a retired teacher or you're an acting power of attorney for a retired teacher), you can choose to receive a single copy by contacting us.

You will continue to receive separate copies of personalized information (i.e. T4As, inflation adjustment statement).

PENSION NEWS

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E-mail: member_inquiry

Web site: www.otpp.com

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Ce bulletin est disponible également en français.

Teaching After Retirement

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Your recalculated pension will not begin until you resign from your employer and notify us in writing. If you continue to teach the following September, you are not eligible for pension payments in July and August.

Credit and refunds

If you teach and contribute for a full school year or more, you will earn credit. If you wish, you can apply to have your pension recalculated with the additional credit under the plan provisions in effect at the time.

WANT MORE DETAILS?

Call and ask for a copy of the booklet *Teaching After Retirement.*

If you end up teaching less than a full school year, your contributions will be refunded and your pension will resume at its previous rate.

Disability pensions

You can't receive a disability pension and return to employment in education at the same time. If you return to teaching, your disability pension will stop.

Ontario Teachers'
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